American investment in India

†4440. SHRI SWARAJ KAUSHAL : Will the Minister of COMMERCE AND INDUSTRY be pleased to state :

(a) whether it is a fact that American investment in India has been constantly declining;

(b) if so, the reasons therefor,

(c) what is America's place from the point of view of making investment in India;

(d) whether Government have prepared any ambitious scheme to encourage American Investment in India; and

(e) if so, the details thereof ?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI MURASOLI MARAN): (a) Foreign Direct Investment (FDI) flow from America has generally been showing an increasing trend except two dips in 1994 and 1998.

(b) The inflow of FDI is largely dependent on factors such as commercial judgement of the investors, global market conditions and trade fundamentals.

(c) America rank at Nos. 2 for the inflow of investments.

(d) With a view to attracting more FDI, the FDI Policy has recently been further liberalised and is being continuously reviewed so as to make it both attractive and investor friendly and to boost the inflows of FDI and technology in the country.

(e) The details are given in the Statement.

STATEMENT

Government, in its commitment towards economic reforms, have announced the new Foreign Direct investment (FDI) Policy thereby placing all items/activities under the automatic route for Foreign Direct investment (FDI) Non-Resident Indians (NRI) and Overseas Corporate body (OCB) investment except the following :—

1. All proposals that require an Industrial Licence which include (i) the item requiring an industrial Licence under the Industries

† Original Notice of the Question was received in Hindi.

(Development and Regulation) Act, 1951 (ii) foreign investment being more than 24% in the equity capital of units manufacturing items reserved for small scale industries ; and (iii) all items which require an Industrial Licence in terms of the locational policy notified by Government under the New Industrial Policy of 1991.

2. All proposals in which the foreign collaborator has a previous venture/ tie-up in India.

3. All proposals relating to acquisition of shares in an existing Indian company in favour of a foreign /NRI/OCB investor.

4. All proposals falling outside notifed sectoral policy/caps or under sectors in which FDI is not permitted and/or whenever any investor chooses to make an application to the FIPB and not to avail of the automatic route.

All proposals for investment in public sector units as also for EOLVEPZ/ EHTP/STP units would qualify for automatic route subject to above parameters.

FDI In Tea Industry

†4441. SHRI SWARAJ KAUSHAL : Will the Minister of COMMERCE AND INDUSTRY be pleased to state :

(a) whether there is any proposal under Government's consideration for 74 per cent foreign direct investment in tea industry :

(b) if so, the details thereof;

(c) whether there is any proposal to accord permission for forward market to stabilise the prices of tea; and

(d) if so, the details thereof ?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI MURASOLI MARAN): (a) and (b) Yes, Sir. A proposal to allow 74 % foreign direct investment in tea industry is under consideration of the Government.

(c) and (d) The Tea Board entrusted Indian Institute of Plantation management, Bangalore in September 1999 to carry out a feasibility study on Futures Market for Tea. They completed the study and submitted feasibility report on Futures Market for Tea in February 2000. One of the recommendations

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